

AGRI-BUSINESS MANAGEMENT ASSOCIATION*

The Agribusiness Management Association has a current membership of 200 members who reside in Ohio. Mr. O. U. Kidder is the Executive Secretary and receives an annual salary of \$11,000. He has been promised a five percent increase for next year. Each member pays \$200 dues per year. The Association holds ten monthly meetings during the year beginning with September and ending with June. At each monthly meeting a speaker is engaged. The Program Chairman is allowed a total of \$1,000 to pay speakers for the year.

This year the plan was followed of having each member pay a fee of \$10 in September for his dinners at the ten meetings for the year. The officers felt that this plan would encourage good turn-outs at the meetings, since each dinner served is a good menu and costs the Association \$3 per person. Attendance records show that about 45 percent of the members attend each meeting.

In addition to his salary, Mr. Kidder received a \$2,000 annual travel allowance. He manages the activities of the Association, giving direct supervision to a secretary receiving \$6,000 a year; a statistician receiving \$6,000 per year; one clerk, receiving \$3,600 per year; and another clerk receiving \$3,000 per year. Mr. Kidder has approved a \$600 salary increase for the statistician beginning next year. Since money payments and receipts are handled by the employees, they are bonded on a comprehensive coverage basis protection which costs the Association \$250 per year. A public accounting firm audits the Association's books twice a year for a \$200 yearly fee, however, notice has been received that the

*Prepared by Dr. C. H. Ingraham, Extension Economist, Business Management, Ohio State University, February 1975

fee will increase to \$250 per year beginning next year.

The Agribusiness Management Association publishes four bulletins a year for which members pay \$5.00 per year entitling them to receive the four issues. This \$5 is in addition to their membership dues and dinner fee. All members subscribe. The printing and mailing of the bulletin costs \$1,000. However beginning next year the printer has advised that a 12 percent increase will be effective due to the higher labor and material costs. Editing of the material for the bulletin costs \$250 per year and contributors who had articles and papers accepted received \$600 this year. It is believed that the same figure will hold true for next year. In addition to the association's membership subscription, past experience shows that approximately 75 extra copies of the bulletin are sold throughout the year. Single copy issues sell for \$1.50 per copy.

Additional expenses of the association include rent at \$2,800 per year; postage, \$1,500 per year; telephone, \$360 per year; stationary and supplies, \$1,800 per year; and office equipment maintenance, \$360 per year. The Association has received notices that the rent will be increased 10 percent for the next year. In addition, hospitalization insurance costs the association \$200 per year and miscellaneous expenses including legal and unappropriated costs amount to \$1,200 per year.

1. Draw up the Association's budget for the current year and for next year.
2. Do the budgets reveal any areas requiring managerial action? Explain.
3. What specific recommendations for further action can you offer the Association? Substantiate your answer.